

# SCR Reporting

## Checklist – Key areas requiring attention

*This checklist is designed to assist users to identify the potential changes introduced by FRS 102 Section 1A, and to outline the accounting policy and transitional exemption choices available. It does not follow the section structure of FRS 102 but follows the typical format headings within the balance sheet and income statement. It is not intended to be a comprehensive guide but to allow entities and their auditors or professional advisers to identify changes and related issues.*

Section	Subject	Reference	Sign off
<b>1</b>	<b>Consolidated and separate financial statements</b>		
1.1	Is the entity a parent? <i>Basic requirement is for the preparation of group accounts using the acquisition method unless the parent is exempt as permitted or required by FRS 1012 S 9.3.</i> <i>Merger accounting is not permitted except for group reconstructions.</i> <b>Accounting policy choice</b> <i>There is an accounting policy choice for the treatment of the investment in the separate accounts of the parent:</i> <i>(a) Cost less impairment</i> <i>(b) Fair value with changes in other comprehensive income</i> <i>(c) Fair value with changes in profit and loss account.</i>	Glossary	YES / NO
1.2	Is the investment held as part of an investment portfolio? <i>Excluded from consolidation and measured at fair value with changes recognised in profit or loss</i>	Glossary	YES / NO
1.3	Is the investment in a special purpose entity? <i>Include within consolidated financial statements where they are being prepared.</i> <i>Post-employment benefit and other long-term benefit schemes covered by section 26 are excluded from this requirement.</i>	Glossary	YES / NO
1.4	Is there any non-controlling interest in the subsidiaries? <i>In the <b>balance sheet</b> non-controlling interest is included within equity, shown separately from the equity of the owners.</i> <i>In the <b>income statement and statement of other comprehensive income</b>, non-controlling interest is not shown as an expense but as an appropriation.</i> <i>In the <b>statement of changes in equity</b> movements on non-controlling interest should be shown.</i>	Glossary 9.20 9.21 – 9.22	YES / NO
1.5	Have there been any acquisitions or disposals of subsidiaries?	9.18 – 9.19 D	YES / NO

	<i>Basic requirement is to account for acquisitions under S 19, using the purchase method except for group reconstructions and public benefit entity combinations that are in substance a gift. See also guidance in Section 19.</i>	6.2 – 6.3	
	<b><u>Transitional exemption</u></b> <i>An entity may restate business combinations made <b>before</b> the date of transition or retain the previous carrying value of goodwill, and not recognise intangible assets other than goodwill. Note that if an entity restates any business combination it must restate all later ones.</i>	35.10 (a)	
1.6	Have either of the following occurred: (a) acquisitions of shares after control has been acquired; or (b) disposals of shares without losing control?	9.18 – 9.19 D	YES / NO
	<i>FRS 102 introduces a significant change where a parent increases a controlling interest or makes a disposal without losing control.  In both cases the transaction is treated as a transaction between equity shareholders reflected in the Statement of Changes in Equity</i>		
	<b><u>Transitional exception</u></b> The revised treatment of changes in the parent's ownership interest which do not result in a loss of control applies only from the date of transition, or from the date it restates any business combination (see 1.5 above.)	35.9 (e)	
1.7	Does the entity have any intermediate payment arrangements?	Glossary	YES / NO
	<i>There is a rebuttable presumption that payments and asset transfers represent the exchange of one asset for another and accordingly the assets of the intermediary shall be accounted for as an extension of its own business and recognised in its own individual financial statements.</i>	9.33 – 9.38	
<b>2</b>	<b>Financial instruments</b>	Section 11 and 12	
2.1	Does the entity have any financial instruments?	Glossary	YES / NO
	<b><u>Accounting policy choice</u></b> <i>An entity has the choice for all financial instruments:</i> (a) Follow Section 11 and 12 (b) Recognition and measurement of IAS 39 and disclosure requirements of FRS 102 sections 11 and 12 (c) Recognition and measurement of IFRS 9 and disclosure requirements of FRS 102 sections 11 and 12		
2.2	Does entity have any basic financial instruments within the scope of Section 11?	Section 11	YES / NO
	<i>Include at amortised cost using the effective interest method unless:</i> (a) Investments in non-convertible preference shares and non-puttable ordinary shares (see below); (b) Debt instruments that are designated at fair value on inception; (c) Commitments to receive a loan and to make a loan that cannot be settled net in cash (see below)		

2.3	Does entity have any investments in non-convertible preference shares and non-puttable ordinary shares? <i>Include at fair value if can be measured reliably. Otherwise include at cost less impairment</i>	11.14 (d)	YES / NO
2.4	Does entity have any commitments to receive or make a loan that cannot be settled net in cash and when issued is expected to meet the debt instrument conditions in 11.9? <i>Include at cost less impairment</i>	11.14 (c)	YES / NO
2.5	Does entity have any debt instruments which can be designated as fair value through profit and loss account if doing this results in more relevant information? <b><u>Accounting policy choice:</u></b> (a) <i>Amortised cost;</i> (b) <i>Fair value with changes through profit or loss.</i>	11.14(b)	YES / NO
2.6	Does entity have any non-basic financial instruments e.g. Derivative financial instrument or complex loans? <i>Include at fair value except for:</i> (a) <i>Investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably and contracts linked to such instruments such that if exercised will result in delivery of such instruments, shall be measured at cost less impairment, and</i> (b) <i>Hedging instruments in a designated hedging relationship accounted for using hedge accounting (see 2.7 below).</i>	Section 12	YES / NO
2.7	Does the entity use hedging instruments as part of a hedging strategy? <b><u>Accounting policy choice</u></b> (a) <i>Hedge accounting</i> (b) <i>Fair value with gains through profit or loss</i>	12.15 – 12.29	YES / NO
3	<b>Intangible assets</b>	Section 18 & 19	
3.1	Does the entity have any acquired intangible assets? <i>Initially measure at cost.</i> <b><u>Accounting policy choice for subsequent measurement</u></b> (a) <i>The cost model;</i> (b) <i>The revaluation model.</i>		YES / NO
3.2	Does the entity have any internally generated intangible assets eligible for recognition? <b><u>Accounting policy choice whether or not to recognise</u></b> <i>As with SSAP 13 an entity is permitted but not required to recognise internally generated intangible assets eligible for recognition. If the entity chooses to recognise such assets they are initially measured at cost</i> <b><u>Accounting policy choice subsequent measurement</u></b> (a) <i>The cost model;</i> (b) <i>The revaluation model.</i>	18.8A – 18.8K	YES / NO
4	<b>Tangible fixed assets (Property plant and equipment)</b>	Section 17	
4.1	Does the entity have any property plant and equipment? <i>Initial measurement is at cost.</i> <b><u>Accounting policy choice on initial recognition</u></b> <i>An entity may recognise borrowing costs in accordance with Section 25.2</i> <b><u>Accounting policy choice on subsequent measurement</u></b>		YES / NO

	<p>For each class of property, plant and equipment:</p> <p>(a) The cost model;</p> <p>(b) The revaluation model.</p>		
	<p><b><u>Transitional exemption choices</u></b></p> <p>(a) Use fair value or previous revaluation as deemed cost;</p> <p>(b) Treat the date of transition as the date on which capitalisation of borrowing cost commences;</p> <p>(c) Where an entity is required to include an initial estimate of the cost of dismantling and removing an item and restoring the site, a first time adopter is permitted to measure this on the date of transition, rather than when obligation initially arose.</p>	<p>35.10 (c) and (d)</p> <p>35.10 (o)</p> <p>35.10 (l)</p>	
5	<b>Investment property</b>	Section 16	
5.1	<p>Does entity have Investment property?</p> <p>Note that FRS 102 does not include an equivalent to the exception in SSAP 19 whereby the following are not treated as investment property:</p> <p>(a) Property owned and occupied by a company for its own purposes;</p> <p>(b) A property let to and occupied by another group company.</p>	Glossary	YES / NO
	<i>Initial measurement is at cost.</i>	16.5 – 6	
	<i>Subsequent measurement is at fair value unless the fair value cannot be measured reliably, in which case it should be included under property plant and equipment (see 4 above).</i>	16.7	
	<i>Deferred tax is required to be provided, the previous exemption in FRS 19 is not retained</i>	29.6	
5.2	<p>Is any investment property mixed use property?</p> <p><i>FRS 102 requires split use property to be separated between investment property and property, plant and equipment. Under SSAP 19 an entity had the choice of splitting or treating such property on the basis of preponderance of use.</i></p>	16.4	YES / NO
5.3	<p>Is any investment property used for the provision of social benefits?</p> <p><i>Such property shall not be classified as investment property but be accounted for as property, plant and equipment.</i></p>	16.3A	YES / NO
6	<b>Leases</b>	<b>Section 20</b>	
6.1	<p>Does the entity have any assets held under finance leases?</p> <p><i>Recognise asset and liability at amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, calculated using the interest rate implicit in the lease, or if this cannot be determined, at the incremental borrowing rate.</i></p>	20.4 – 20.8	YES / NO
6.2	<p>Does entity have operating leases as lessee?</p> <p><i>Recognise in profit and loss on a straight line basis unless:</i></p> <p>(a) Another systematic basis is representative of the time pattern of the user's benefit; or</p> <p>(b) The payments are structured to increase in line with the expected general inflation.</p>	20.15 – 20.16	YES / NO
6.3	Does entity have finance leases as lessor, other than as manufacturer / dealer?		YES / NO

	<i>Recognise net investment in lease as a receivable, including initial direct costs. Lease payments received reflect both repayment of principal and finance income. Finance income is recognised at a constant periodic rate of return on the net investment.</i>	20.17 -20.19	
6.4	Does entity have finance leases as lessor, as manufacturer / dealer?		YES / NO
	<i>Manufacturer/ dealers recognise two types of income: (a) Profit or loss equivalent to that on outright sale where sales revenue is the fair value of the asset, or if lower, the present value of the minimum lease payments at a market rate of interest and cost of sales is the cost, or if lower, the carrying value of the leased asset less the present value of the unguaranteed residual value. (b) Finance income</i>	20.20 – 20.23	
6.5	Does entity have operating leases as lessor?	20.24 – 20.31	YES / NO
	<i>Assets presented and depreciated as property, plant and equipment. Lease payments received are recognised in profit and loss on a straight line basis unless: (a) Another systematic basis is representative of the time pattern of the user's benefit; or (b) The payments are structured to increase in line with the expected general inflation.</i>		
6.6	Has entity been involved in sale and lease back transactions?		YES / NO
	<i>Must be considered together as lease payment and sale price are interdependent. (a) Result is a finance lease – any excess of sale proceeds over carrying value is deferred and amortised over lease term; (b) Result is an operating lease. Treatment depends on whether transaction is: a. At fair value - gain or loss is recognised immediately. b. Above fair value – excess over fair value is deferred and amortised over period for which asset is expected to be used; or c. Below fair value - gain or loss is recognised immediately unless loss is compensated for by future lease payments at below market price</i>	20.32 – 20.35	
6.7	Has entity received or provided any lease incentives in respect of operating leases?	20.15A	YES / NO
	<i>The benefit / cost of lease incentives is recognised over the lease term on a straight line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset, or the lessor's benefit is diminished. Under UITF 28 this would have been over the shorter of the lease term and period to date of rent review at which rent expected to be reset to market rate.</i>	20.15 A – Lessee 20.25A - Lessor	
	<b><u>Transitional exemption choices</u></b> <i>An entity may choose not to restate the benefit / cost of lease incentives where the inception of the lease is before the date of transition.</i>		

7	<b>Investments</b>	Sections 11, 9, 14 and 15	
7.1	Does entity have any investments in subsidiaries, associates or joint ventures and is not a parent required to produce group accounts? <b><u>Accounting policy choice</u></b> <i>There is an accounting policy choice for the treatment of investments in subsidiaries, associates and jointly controlled entities in the separate accounts of the parent, and in the accounts of entities which are not parents:</i> (a) Cost less impairment (b) Fair value with changes in other comprehensive income (c) Fair value with changes in profit and loss account. <i>Note that the accounting policy choice must be applied consistently within the categories subsidiaries, associates and jointly controlled entities, but need not be the same for each category.</i>		YES / NO
7.2	Does the entity have any investments other than in subsidiaries, associates or joint ventures? <i>Such investments are dealt with as financial assets (see 2.3 above).</i>		YES / NO
8	<b>Stocks and work in progress (Inventories)</b>	Section 13	
8.1	Does entity have inventories other than biological assets? <i>Include at the lower of cost and estimated selling price less costs to complete and sell.</i> <b><u>Accounting policy choice</u></b> <i>May include borrowing costs until the asset has been prepared for sale.</i> <b><u>Transitional exemption choice</u></b> <i>May treat the date of transition as the date on which the capitalisation of borrowing costs commences.</i>	Glossary  25.2	YES / NO
8.2	Does the entity have any biological assets or related agricultural produce? <b><u>Accounting policy choice</u></b> <i>For each class of biological asset and related agricultural produce:</i> (a) The fair value model; or (b) The cost model.	Glossary	YES / NO
8.3	Does the entity have any long-term contract work in progress? <i>Previously included in SSAP 9, the requirements for long term work in progress have now been transferred to Section 23 Revenue (see below.)</i>		YES / NO
9	<b>Debtors and creditors</b>		
9.1	Does the entity have any trade debtors / creditors? <i>In general, trade debtors and creditors are accounted for under the financial instruments sections, taking account of the related guidance on recognition of income (section 23 Revenue) and costs e.g. Section 26 Employment benefits</i>		YES / NO
10	<b>Provisions and contingencies</b>		
10.1	Is entity required to include any provisions other than for deferred tax?	21. 1 – 21.11, 21.14 – 21.17A plus appendix	YES / NO

	<i>Recognise provisions at the best estimate of the amount required to settle the obligation, taking account of the time value of money where the effect is material.</i>		
10.2	Does entity have any onerous contracts? <i>Shall be recognised and measured as provision.</i>	21.11A	YES / NO
10.3	Does the entity have any financial guarantee contracts? <b>Accounting policy choice</b> <i>Follow:</i> <i>(a) FRS 102 Section 21</i> <i>(b) Entity has chosen to apply IAS 39</i> <i>(c) Entity has elected under FRS 103 to continue insurance contract accounting.</i>	21.1A	YES / NO
10.4	Does the entity expect to make future operating losses? <i>Provisions shall not be made.</i>	21.11B	YES / NO
10.5	Is the entity considering restructuring? <i>Provision only made when there is a legal or constructive obligation.</i>	21.11C & D	YES / NO
10.6	Does entity have any contingent liabilities? <i>Disclosure only – similar to FRS 12</i>	21.12	YES / NO
10.7	Does entity have any contingent assets? <i>Disclosure only – similar to FRS 12</i>	21.13	YES / NO
10.8	<b>Liabilities and equity</b>		
10.9	Does entity have liabilities and equity? <i>Classification as debt or equity consistent with FRS 25 and treatment driven additionally by financial instruments sections 11 and 12.</i>	Section 22	YES / NO
11	<b>Revenue</b>	Section 23	
11.1	General principles <i>Revenue is recognised at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts, prompt settlement discounts and volume rebates.</i>	23.1	YES
11.2	Does entity generate revenue on deferred payment terms? <i>Where the arrangement constitutes a financing transaction the fair value is determined using an imputed rate of interest and the difference between the present value of the consideration and the nominal sale amount is recognised as interest income.</i>	23.5	YES / NO
11.3	Does entity have any transactions with more than one component? <i>Entity may need to apply recognition criteria to separately identifiable components of a single transaction when necessary to reflect the substance of the transaction.</i>	23.8 – 23.9	YES / NO
11.4	Does entity sell goods? <i>Recognise revenue when conditions in 23.10 – 23.13 have been met.</i>	23.10 – 23.13	YES / NO
11.5	Does entity render of services? <i>Recognise revenue using percentage of completion method when conditions in 23.14 – 23.16 have been met.</i>	23.14 – 23.16	YES / NO
11.6	Does entity have any construction contracts? <i>Recognise revenue using in accordance with provisions in 23.14 – 23.16.</i>	23.17 – 23.27	YES / NO
11.7	Does entity have any interest receivable, royalties and dividends receivable? <i>Recognise revenue using in accordance with provisions in 23.28 – 23.28.</i>	23.28 – 23.29	YES / NO

12	<b>Government grants</b>		
12.1	Has the entity received any government grants? <b>Accounting policy choice</b> <i>An entity has the choice for each class of grant:</i> <i>(a) The performance model;</i> <i>(b) The accrual model.</i>	Section 24 Note a charity may not use the accruals model	YES / NO
13	<b>Employee benefits</b>	Section 28	
13.1	Does entity have employment costs? <i>Recognise cost of all employee benefits to which employees have become entitled as a result of service during the reporting period.</i>	28.1 – 28.5	YES / NO
13.2	Does entity have any short term compensated absences <i>(a) Recognise cost of <b>accumulating</b> short-term compensated absences when employees render service;</i> <i>(b) Recognise cost of <b>other (non-accumulating)</b> short-term compensated absences when absences occur.</i>	28.6 – 28.7	YES / NO
13.3	Does entity have profit-sharing or bonus plans? <i>Recognise when entity has a legal or constructive obligation to make payments, and a reliable estimate can be made. Constructive obligation means having no realistic alternative but to make payments.</i>	28.8	YES / NO
13.4	Does entity provide pension benefits under a defined contribution pension plan? <i>Recognise under 23.9 (a) 13 &amp; 13 (a)</i>	28.9- 28.13A	YES / NO
13.5	Does entity provide pension benefits under a defined benefit pension plan? <i>Recognise under 23.9 (b) &amp; 28.14 – 28.28</i>	28.9 – 28.12 & 28.14 – 28.28	YES / NO
13.6	Did the entity provide any termination benefits? <i>Recognise under 28.31 – 28.37</i>	28.31 – 28.37	YES / NO
13.7	Does entity provide pension benefits under a multi-employer plan? <i>Recognise under 28.11 -11 A</i>	28.11-11A	YES / NO
13.8	Does entity provide pension benefits under a group plan? <i>Recognise under 28.38</i>	28.38	YES / NO
14	<b>Share based payments</b>		
14.1	Does entity have any equity settled share-based payment transactions? <i>Recognise under 26.3 – 13</i>	26.3 – 26.13	YES / NO
14.2	Does entity have any cash-settled share-based payment transactions? <i>Recognise under 26.3- 6 &amp; 26.14</i>	26.3 – 26.6 & 26.14	YES / NO
14.3	Were there any modifications, cancellations and settlements? <i>Recognise under 26.13</i>	26.13	YES / NO
14.4	Do the share based payment transactions carry cash alternatives? <i>Recognise under 26.3 – 6 &amp; 23.15</i>	26.15	YES / NO
14.5	Are there any group plans? <i>Recognise under 26.16</i>	26.16	YES / NO
15	<b>Foreign currency translation</b>		
15.1	Does the entity have any foreign currency transactions? <i>Recognise transactions at spot rate and translate as necessary at year end</i>	30.2 – 30.11	YES / NO
15.2	Does the entity have an investment in a foreign operation?	30.12 – 30.13	YES / NO

	<i>Exchange differences are recognised in profit or loss in the separate financial statements of the reporting entity or the foreign operation as appropriate, but in other comprehensive income and equity in the consolidated accounts</i>		
15.3	Did entity change its functional currency? <i>Apply the changes prospectively in accordance with 30.14 – 30.16</i>	30.14 – 30.16	YES / NO
15.4	Does entity use a presentation currency other than its functional currency? <i>Recognise in accordance with 30.17 – 30.23.</i>	30.17- 30.23	YES / NO
16	<b>Hyperinflation</b>		
16.1	Does the entity operate in a hyperinflationary economy? <i>Restate comparative figures in accordance with Section 31</i>	Section 31	YES / NO
17	<b>Income tax</b>		
17.1	Is the entity liable to taxation? <i>Account for current tax and deferred tax in accordance with Section 29</i>	Section 29	YES / NO
18	<b>Events after the end of the reporting period</b>		
18.1	<i>Will apply to all entities (a) adjusting events are to be adjusted for; (b) non-adjusting events noted.</i>		YES
18.2	<b>Related party disclosures</b>		
18.3	Will apply to all entities		YES